

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6831
BILL NUMBER: HB 1283

NOTE PREPARED: Dec 30, 2002
BILL AMENDED:

SUBJECT: Payment for Health Services.

FIRST AUTHOR: Rep. Harris
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill specifies certain requirements for a health care provider concerning collection of payment for health services from a patient who is covered under a policy of accident and sickness insurance or a health maintenance organization contract. The bill establishes a duty to resolve financial matters related to a policy of accident and sickness insurance (insurance) or a health maintenance organization (HMO) contract.

Effective Date: July 1, 2003.

Explanation of State Expenditures: This bill allows an individual who is damaged by a breach of the duty of an insurer or HMO to sue for civil damages. If litigation against HMOs and insurers increase markedly, health care premiums may increase. The amount of this increase is unknown and contingent upon HMO and insurer administrative action. In addition, this bill requires that a provider (includes practitioner and treatment facility) must reimburse an individual for any amount later collected from the patient's insurer or HMO plus 3% interest per month. This may result in increased health care rates, however the cost should be negligible.

It is unknown if the state would absorb any additional costs resulting from this bill or pass the costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered.

Explanation of State Revenues: *Court Fee Revenue:* This bill allows an individual who is damaged by a breach of the duty of an insurer or HMO to sue for civil damages. If additional civil actions occur, revenue to the state General Fund may increase if court fees are collected. A civil filing fee of \$100 would be assessed when a civil case is filed. 70% of the filing fee would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Explanation of Local Expenditures: It is unknown if local groups would absorb any additional costs resulting from this bill or pass the costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered. Cost sharing of health benefit premiums varies widely by locality.

Explanation of Local Revenues: *Court Fee Revenue:* This bill allows an individual who is damaged by a breach of the duty of an insurer or HMO to sue for civil damages. If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 filing fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.

State Agencies Affected: Potentially all.

Local Agencies Affected: Trial courts, city and town courts, potentially local government and local school corporations.

Information Sources:

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